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### Montana's economy to grow in coming year

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University of Montana–Missoula. Office of University Relations, "Montana's economy to grow in coming year" (1989). *University of Montana News Releases, 1928, 1956-present*. 11658.  
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July 10, 1989

**MONTANA'S ECONOMY TO GROW IN COMING YEAR**

**MISSOULA --**

Montana's economy will grow about 1.7 percent in 1989, bringing some good news to the state after nearly a decade of economic decline, according to a University of Montana researcher.

Paul Polzin, director of the UM Bureau of Business and Economic Research, made that projection as part of the Economics Montana forecasting program, cosponsored by the bureau and U S WEST. To make its economic forecast for Montana, the bureau uses national and state statistics compiled from various sources.

"This is only a modest increase by U.S. standards, but it certainly looks good compared to the declines we've experienced in six of the last nine years," Polzin says.

Polzin attributes the projected growth to continued expansion in Montana's mining industries and modest increases in other sectors of the economy, combined with an ending of employment declines in oil and gas exploration and railroads.

"But all bets are off if the long-expected national recession occurs or if there are further plant closures," Polzin says. The longer term forecasts show continued growth for Montana, he says, but at rates slower than the national average.

Montana's overall economic activity, as measured by non-farm labor income, will increase an average of about 1.5 percent per



year during 1990 and 1991, Polzin projects. Comparable figures for the United States are about 2.3 percent per year, he says.

Personal income, one of the major determinants of consumer spending, will increase about 4.9 percent during 1989, Polzin says. This rise may be deceptively rosy, he says, because it will be partially due to the recovery of agriculture from the 1988 drought.

The long-term projections for personal income also show Montana lagging behind the rest of the country, Polzin says. The state's personal income will increase an average of 1.4 percent per year in 1990 and 1991, compared to 1.9 percent per year for the nation, he says.

Montanans can also expect improvements in employment opportunities, Polzin says. Non-farm wage and salary employment will increase by slightly more than 6,000 between 1988 and 1991, he says. In spite of this growth, the number of wage and salary jobs projected for 1991 is only scarcely higher than it was in 1979.

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